

INDIAN RIVER AREA LIBRARY

Financial Policy

1. STATEMENT of PURPOSE

The policies and procedural guidelines are designed to:

- Protect the assets of the *Indian River Area Library*;
- Ensure the maintenance of accurate and timely records of the Library's financial activities;
- Provide a framework of operating standards and behavioral expectations; and
- Ensure compliance with federal, state, and local legal reporting requirements.

Exceptions to written policies may only be made with the proper approval of the Board of Trustees. Changes or amendments to these policies may be approved by the Board of Trustees at any time. All personnel with financial responsibilities are expected to be familiar with and operate within the parameters of these policies.

2. FISCAL AUTHORITY

Pursuant to Public Act 164 of 1877, the financial resources of the *Indian River Area Library* (Library) are the responsibility of the *Indian River Area Library* Board of Trustees (Board). The Board are elected officials and serve without compensation. The Board is responsible to:

- Provide guidelines, policies, and a budget for management and allocation of financial resources which seek to produce optimum benefit for those we serve;
- Monitor, evaluate, and approve the financial plans and finances of the Library and to maintain the financial integrity of the Library;
- Supervise the Library Director who is responsible for the daily operations and activities of the Library.

The financial resources of the *Indian River Area Library* are maintained by Tuscarora Township Clerk and Treasurer. The Township is responsible to:

- Keep accurate records of the fiscal activity of Library funds in compliance with reporting requirements;
- Manage payroll for Library employees and the Director/Manager;
- Collect revenues on behalf of the Library;
- Pay approved expenses from Library funds;
- Report fiscal activity and balances;
- Assist with the audit of Library funds.

3. PROCEDURES

A. Disbursements (Invoices)

All invoices for Library materials and services are reviewed by the person/department which placed the order and received the materials. The invoices are compared with the order's documentation and packing slips to verify the material was ordered by the Library, received in good condition, and the charges are correct.

To ensure the accurate and allowable compliance with the Library budget, legal use and reporting requirements, **all expenses**, including shared expenses with the Township, will be reviewed by the Library Board and must be Board approved before they can be paid. The Board Treasurer has authority to approve expenses under **\$5,000**. The Board Treasurer and/or Director will report all expenses to the full Board of Trustees.

Invoices which have a due date before the next scheduled Board meeting (such as utilities, services, payroll, materials during month, etc.), may be paid before the meeting to avoid late fees. The Board will review the paid invoices at the subsequent Board meeting.

The Library Director will deliver all approved expense receipts to the Township Clerk at an agreed upon schedule for prompt payment.

The Township Clerk will promptly pay expenses to avoid late payments. The Clerk will accurately record the expense in the proper GL number as described in the chart of accounts.

B. Cash Receipts

Cash receipts (fines, fees for services, donations, etc.) should be supported by a remittance receipt or other supporting documents providing the date it was collected, the amount, and purpose of payment.

Cash receipts should be transferred to the Township Treasurer for deposit and record keeping at the end of each business day or at the earliest available opportunity.

C. Petty Cash

The Library Director is responsible for accurate and appropriate accounting, use, and security of petty cash.

4. REPORTING

The *Indian River Area Library* is required to have monthly reports of accounts available to the Director and Board of Trustees for Library operation, management, and planning; the State of Michigan for Library reporting and grants; and to the general public for the purpose of fiscal transparency.

The Township Clerk is required to produce a report of accounts for the Library no later than the first week of each month, providing an accurate accounting of the previous month's activity and shall include at minimum;

- A Trial Balance sheet reporting all assets, liabilities, balances with revenues and expenditures activity for the month, with year-to-date activity and current annual budget amounts;
- A Comparative Balance sheet for the Library Fund, month/year comparison; and
- A GL Activity report for the month.

Any discrepancy or inaccuracy (GL number, amounts, etc.) shall be reported to the Township Clerk promptly by the Director or any Board Member and corrected for accurate reporting.

The *Indian River Area Library* will provide an annual report to the public at the end of each fiscal year, reporting how the previous year's fund balance was used.

5. PAYROLL

Employee time sheets shall be collected by the Library Director, inspected and approved by the Director and the Library Board Treasurer before forwarding to the Township Clerk.

The Township Clerk/Treasurer are responsible for the Library payroll and accounting responsibilities.

6. ACCOUNTS

As *Indian River Area Library* is a separate legal and fiscal authority from Tuscarora Township, accounts maintained by the Township on behalf of the Library shall not be altered (closed, opened) without approval from the Library Board unless changes reflect normal operational activity updates.

7. PURCHASING POLICY

The *Indian River Area Library* establishes this purchasing policy in order to comply with generally accepted auditing standards and the principles of responsible fiscal management.

Only the Director or another person designated by the Board of Trustees may commit the Library to make purchases. Further, with the few exceptions described herein and those purchases requiring action to secure the immediate safety of employees or the public, all purchases require advanced planning and the adherence to the processes outlined in this policy and procedures established by the Director and Treasurer.

Materials, equipment, supplies, and services purchased by the Library shall be of a quality and quantity required to serve the functions of the Library in a satisfactory manner. It is the responsibility of the Director or another person designated by the Board of Trustees to secure the required bids or to investigate alternative suppliers to ensure the most economical purchase of required items. The process of securing quotes and/or bids is further described in this policy.

All purchases will have a budgetary appropriation.

All budgetary transfers will be reported to the Board of Trustees and their approval documented.

8. PURCHASING PROCEDURE

The Director, in consultation with the Library's Board and with their approval, shall be responsible for establishing and updating procedures for the proper and cost-effective documentation of purchases. The Director may purchase goods or services with a value up to \$1,500 and which are included in the Library's annual budget or in an approved capital plan. Other staff members may purchase up to \$500.

Documentation is to include:

- Original itemized receipt, including an itemized description of the purchase, the quantity ordered, and the vendor.
- When applicable, a copy of the packing list is attached, initialed, and dated by the person checking in the shipment.
- Hard-copy print-out of items ordered online.

A. Requirements for Obtaining Quotes and Bids

With the understanding that purchases for Library materials are often available through statewide or national discount programs for Libraries, the Board of Trustees establishes the following policy related to bids:

- a. Library Materials: Books, magazines, A/V, and other such materials intended for patron use are generally purchased from vendors offering volume discounts or vendors offering a State contract discount program. Materials available only from the publisher are generally purchased with little or no discount.

- b. Capital and One-Time Purchases: The following schedule is related to capital or onetime purchases of non-Library materials (i.e., equipment, furniture, etc.) where individual items are at the stated prices and for which there are sufficient budget appropriations. All involved in the purchase process shall be aware of prevailing state contracts or other previously arranged discount programs that the Library is eligible to participate in.

The following is a list of purchase amounts and requirements:

- Purchases by authorized staff up to, and not exceeding, \$500 require the Director's approval.
- Purchases by the Director up to \$1,500 will be reviewed by the Board.
- Purchases from \$1,500 to \$10,000 require prior Board approval.
- Purchases from \$10,000 to \$20,000: an effort will be made to obtain multiple written quotes, if applicable.

9. FRAUD PREVENTION

Fraud is defined as willful or deliberate act with the intention of obtaining an unauthorized benefit, such as money or property, by deception or other unethical means.

All fraudulent acts or related misconduct are included under this Policy and include, but are not limited to, such activities as:

- Misappropriations using Library funds or property for paying for non-Library expenses or uses, or
- Misappropriations by the prevention of the Library from using its funds by any person or entity not authorized to govern Library funds.
- Embezzlement, theft, misappropriation or other financial irregularities;
- Forgery or alteration of documents (checks, time sheets, contractor agreements, purchase orders, other financial documents, electronic files);
- Improprieties in the handling or reporting of financial transactions;
- Misappropriation of funds, securities, supplies, inventory or any other asset (such as furniture, fixtures, equipment, materials, etc.), including assets of the Library, patrons, suppliers, or others with whom there is a business relationship;
- Authorizing or receiving payment for goods not received or services not performed;

- Authorizing or receiving payments for hours not worked or expenses not accrued and documented;
- Profiteering as a result of insider knowledge of Library activities. Fraud and related misconduct will not be tolerated.

Employees found to have participated in such conduct will be subject to disciplinary action, up to and including termination.

Trustees and employees are expected to use their best efforts to recognize risks and exposures inherent to their areas of responsibility and to be aware of indications of fraud and related misconduct. Any Trustee or employee who knows or suspects fraud or related misconduct shall report that to the President of the Board of Trustees, the Library Director, or local law enforcement.

When fraud or related misconduct is reported, an appropriate investigation and all necessary action will be undertaken. All investigations of alleged wrongdoing will be conducted in accordance with applicable laws and Library policies/procedures. During or following the investigation, the Board may choose to consult with legal counsel and take appropriate steps to minimize recurrence.

See Also: ***Indian River Area Library Credit Card Policy, Indian River Area Library Investment Policy***